

## REMARKS

Claims 1-66 are pending in the application. Claims 1-66 stand rejected over Masi et al. (U.S. Patent No. 6,105,001) in view of Rosen (U.S. Patent No. 5,453,601) under 35 U.S.C. 103(a).

### *Claim Amendments*

New claims 67-69 are added to clarify the expression of aspects of applicants' claimed invention. For example, new claims 67-69 clarify aspects of applicants' claimed method and system for electronic scrip transactions utilizing a scrip clearing center with data processing resources, including one or more signal processing units with associated signal memory for on-line storage of scrip accounts for each of a plurality of scrip participants, such as a scrip distributor, a scrip purchasing or sponsoring organization, participating merchants, and members. (Spec. p. 9, lines 15-20).

According to this aspect, a system manager stores scrip account information in the scrip clearing center for one or more members, such as a scrip account number associated with a particular scrip purchasing organization, and provides the member a scrip card associated with the scrip account. (Spec. p. 11, lines 4-11). In addition, the system manager stores pre-paid electronic scrip credit in a scrip account of the scrip purchasing organization purchased by the organization from the scrip distributor at a negotiated merchant discount. (Spec. p. 11, lines 12-20). Further, the system manager allows a transfer of a portion of the pre-paid electronic scrip credit from the scrip account of the scrip purchasing organization to the member's scrip account upon receipt by the scrip purchasing organization of payment on behalf of the member. (Spec. p. 11, lines 21-28)

In this aspect, upon receiving information relating to a transaction between a participating merchant and the member by the system manager via a network from a merchant terminal, such as merchant identification, member identification and scrip account data for the member from the scrip card, a transaction request, and the transaction amount, the system manager confirms a balance adequate to cover the

transaction amount by the system manager in the member's scrip account. If the balance is adequate, the system manager debits the member's scrip account for the transaction amount and sends a confirmation of the debit to the merchant terminal via the network. The system manager also credits a predefined merchant portion of the transaction amount to an account of the merchant, a predefined scrip purchasing organization portion of the transaction amount to an account for the scrip purchasing organization, and a predefined a scrip distributor portion of the transaction amount to a scrip distributor account, all according to look-up table parameters stored in the scrip clearing center. (Spec. p. 12, line 1-p. 15, line 4).

Support for the new claims is found throughout the specification and in the claims as detailed above. Accordingly, no new matter has been added.

### ***Claim Rejections - 35 U.S.C. § 103***

Claims 1-66 stand rejected over Masi et al. (U.S. Patent No. 6,105,001) in view of Rosen (U.S. Patent No. 5,453,601) under 35 U.S.C. 103(a). The rejection of claims 1-66 is respectfully traversed and reconsideration is requested. The references asserted do not teach or suggest the subject invention.

An aspect of applicants' claimed method and system for performing electronic scrip transactions utilizes a scrip clearing center with data processing resources, including one or more signal processing units with associated signal memory for on-line storage of scrip accounts for each of a plurality of scrip participants, such as a scrip distributor, a scrip purchasing or sponsoring organization, participating merchants, and members. Scrip account information is stored in the scrip clearing center for each member that includes, for example, a scrip account number associated with the scrip purchasing organization, and each member is furnished a scrip card associated with the scrip account. The system manager stores pre-paid electronic scrip credit in a scrip account of the scrip purchasing organization purchased by the organization from the scrip distributor at a negotiated merchant discount. The system manager allows a transfer of a portion of the pre-paid electronic scrip credit from the scrip account of the scrip purchasing organization to the member's scrip account upon receipt by the scrip purchasing organization of payment on behalf of the member.

Upon receiving information relating to a transaction between a participating merchant and the member by the system manager via a network from a merchant terminal, such as merchant identification, member identification and scrip account data for the member from the scrip card, a transaction request, and the transaction amount, the system manager confirms a balance adequate to cover the transaction amount by the system manager in the member's scrip account. If the balance is adequate, the system manager debits the member's scrip account for the transaction amount and sends a confirmation of the debit to the merchant terminal via the network. The system manager also credits a predefined merchant portion of the transaction amount to an account of the merchant, a predefined scrip purchasing organization portion of the transaction amount to an account for the scrip purchasing organization, and a predefined a scrip distributor portion of the transaction amount to a scrip distributor account, all according to look-up table parameters stored in the scrip clearing center.

An important advantage of applicants' claimed method and system for performing electronic scrip transactions is the use of electronic scrip credit that is inherently generic and can be used at all participating merchants which eliminates the necessity, for example, for non-profit fund raising organizations to maintain merchant specific scrip accounts or certificates. Another important advantage of applicants' claimed invention is the elimination of manually intensive, time consuming sorting, filing and accounting for scrip certificates by the provision of automatic settlement of scrip transactions. A key advantage of applicants' claimed invention is the provision of the scrip card for use at participating merchants' terminals that avoids the inconvenience and risks associated with carrying bulky paper certificates. Further, applicants' claimed invention shifts the advantage of float time on the discounted value of scrip from participating merchants to participating distributors but offsets this shift in terms of the overhead associated with accounting for the scrip transactions, since accounting for scrip transactions is no longer an overhead item for the merchant.

The system of Masi et al. is not capable of performing transactions between a merchant and a member with electronic scrip according to applicants' claimed invention and offers none of the advantages of applicants' claimed invention. On the contrary, the Masi et al. system is designed and implemented as a system for paying "commissions" to card holders in a credit/debit card pyramid scheme. According to Masi et al., members are provided with magnetic stripe debit or credit cards for making purchases at merchants 10, who agree to provide a discount for such purchases. A member makes a purchase from the merchant using the magnetic stripe card at the merchant's POS terminal 12, which sends the member's account number, purchase amount, and merchant identity to an authorization and transaction processor 14, which in turn sends back an authorization based on risk data or the member's debit account balance. (Col. 2, line 20-Col 3, line 19). When a purchase is approved by the processor 14, the processor 14 instructs an ACH processor 17 to cause the purchase amount to be deducted from a member account 21 and incremented to a merchant account 20 less a discount, which is applied to an organization account 22. (Col. 3, lines 20-40).

In Masi et al., the processor 14 also transmits the purchase discount data to a commission management processor 27, which stores the data in the member's record 30 in a database 28. (Col 3, line 41-57). New members are recruited by existing members in a pyramid hierarchy 28', and recruiting efforts are rewarded with commissions paid to existing members out of the accumulated discount credits in the organization account 22 according to the volume of debit card usage by newly recruited members within the pyramid hierarchy. (Col 4, lines 15-56). The commission management processor 27 determines the commission to be paid and sends member identification data and the amount of the commission to a payment processor 29 that prints and mails a check to the member or transfers funds from the organization account 22 to the member account 21. (Col 5, lines 11-21).

Neither is the system of Masi et al. in view of Rosen capable of performing transactions between a merchant and a member with electronic scrip according to applicants' claimed invention, nor does the system of Masi et al. in view of Rosen

offer any of the advantages of applicants' claimed invention. Rather, the Rosen system is designed and implemented an electronic funds transfer system that utilizes electronic money which is interchangeable with cash and universally accepted. (Col. 2, lines 54-54). In the Rosen system, a bank utilizes a computer module to issue electronic money to subscribers that is backed, for example, by demand deposits and accepted by correspondent banks. The subscribers are provided with computer modules for storing the electronic money and performing transactions with the on-line systems of participating banks or exchanging electronic money with one another via their respective computer modules in off-line transactions. Issuing and correspondent banks also use computer modules, for example, for interfacing to subscribers' computer modules and between the issuing and correspondent banks, and a clearing bank balances the electronic money accounts of the different issuing banks. (Col. 3, lines 40-59).

The Examiner considers that the claim rejections based on unsupported statements of "official notice" or "common knowledge" or "well-known in the art" are admitted notwithstanding a timely request for supporting references. Although there may be instances of facts outside the record that are capable of instant and unquestionable demonstration, the Examiner's present unsupported statements of "official notice" constitute statements of fact as to the state of the art in the financial industry that is subject to rational disagreement among reasonable men. Rather than simply filling in gaps that might exist in the Examiner's evidence, the Examiner's unsupported statements of "official notice" comprise principle evidence upon which the rejection is based.

Further, without any description or explanation by the Examiner of the prior art relied on, the Examiner's statements of "official notice" are so broadly vague and sweeping as to give the appearance that the Examiner views the application as simply devoid of patentable subject matter and leaves the applicants in the position of being unable to have a fair opportunity to reply or to consider an amendment with a view to avoiding the rejection. If the Examiner's apparent view that the application is devoid of patentable subject matter is based on facts that are, for example, within the

personal knowledge of the Examiner, unless those facts and a supporting basis for those facts are clearly communicated by the Examiner, the applicants have no basis to consider a contradiction or explanation of those facts or an amendment to avoid the rejection. The Examiner's statements of "official notice" are traversed, and a demand is made for evidence to support such statements and an opportunity for the applicants to consider a contradiction or explanation of those facts or an amendment with a view to avoiding the rejections.

The claimed combinations are not taught or suggested by Masi et al. and/or Rosen either separately or in combination with one another. Rather, Masi et al. teaches a credit/debit card pyramid scheme for making incentive payments to existing card holders (i.e., "members") to sign up new card holders, in which the card issuer (i.e., "organization") is paid a fee (i.e., "discount") by the merchant via the conventional card acquirer/ACH network, and Rosen teaches an electronic funds transfer system utilizing tamper-proof highly secured computer modules and electronic currency for any number of countries backed by a subscriber's demand deposit account which is interchangeable with paper currency and universally accepted. It is also noted that none of the remaining references cited but not applied by the Examiner discloses the claimed features of applicant's invention. In view of the foregoing amendment and these remarks, each of the claims remaining in the application is in condition for immediate allowance. Accordingly, the Examiner is requested to reconsider and withdraw the rejection and to pass the application to issue.

**Version with Markings to Show Changes Made**

**Amendments in the Claims:**

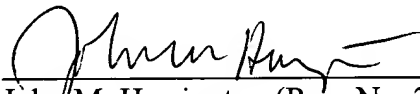
In accordance with 37 C.F.R. §1.121(c)(1)(ii), a marked up version does not have to be supplied for an added or deleted claim.

***Conclusion***

In view of the foregoing amendment and these remarks, each of the claims remaining in the application is in condition for immediate allowance. Accordingly, the examiner is requested to reconsider and withdraw the rejection and to pass the application to issue. The examiner is respectfully invited to telephone the undersigned at (336) 607-7318 to discuss any questions relating to the application.

Respectfully submitted,

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